

Witness Name: Mike Deaton

Statement No.: WITN11970100

Dated: 26 November 2024

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF MIKE DEATON

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I, *MR MIKE DEATON*, will say as follows:

#### **INTRODUCTION**

1. I am currently employed by Fujitsu Services Limited ("**Fujitsu**") as Head of Enterprise & Project Services, UK Digital Workplace Delivery, a position I have held since July 2013.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in a Rule 9 Request provided to Fujitsu on 11 November 2024 (the "**Request**"), to the extent I have or had direct knowledge of such matters. I was assisted in preparing this statement by Morrison Foerster, who represent Fujitsu in the Inquiry.
3. The topics set out in the Request relate to a proposed review by KPMG of the Horizon IT System ("**Horizon**") in or around 2011 to 2012 (the "**KPMG Review**"). The KPMG Review concerned the version of Horizon known as Horizon Online or HNG-X ("**HNG-X**"), and KPMG prepared a report as part of the review titled

“HNG-X Data Integrity: Phase 0 Report” dated 23 April 2012 (“**Phase 0 Report**”) (FUJ00172083), which is referenced in the Request. In the limited time available, I have tried to refresh my memory by reviewing contemporaneous documents relating to the KPMG Review. These have included the Phase 0 Report and other documents that have been made available to me by Morrison Foerster and Fujitsu, as well as documents that I have identified following a search of my work emails. My recollection of the KPMG Review is very limited. The content of my statement is therefore based primarily on the content of these documents. Where I have relied on documents, I have set out the URN of the relevant document below.

#### **PROFESSIONAL BACKGROUND**

4. I joined Fujitsu in November 2010 as a Business Development & Change Director for the Royal Mail Group Account, which was later renamed the Post Office Account (“**POA**”) following the separation of Post Office Limited (“**POL**”) from the Royal Mail Group. I have since held the following roles at Fujitsu:
  - a. August 2011 to October 2011: Project secondee. I was seconded to a project to support Fujitsu’s finance department, which was unrelated to Horizon and/or POL. I was assigned to the project by Gavin Bounds, Fujitsu’s Chief Operating Officer (“**COO**”) at the time. The project was led by Ian Hayward.
  - b. November 2011 to June 2012: Change & Operations Director, Business Operations. This role involved various projects that were also unrelated to

Horizon and/or POL. This role and the roles that I set out below were not part of the POA.

- c. June 2012 to June 2013: Director of Central Shared Services.
- d. July 2013 to the present: Head of Enterprise & Project Services, Digital Workplace Services.

### **BACKGROUND TO THE KPMG REVIEW**

- 5. In the Request, the Inquiry has asked for a summary of the reasons for commissioning the KPMG Review. In addition to addressing this topic below, I have also set out how I came to be involved in the KPMG Review, as well as my role and responsibilities.
- 6. On or around 31 October 2011, Stephen Long (POA Director) and Gavin Bell (who succeeded Mr Long as POA Director) asked me to take on the role of project leader for the KPMG Review on behalf of the POA (see emails involving me and Gareth Jenkins dated 3 November 2011 (FUJ00243333)). Mr Bell introduced me to Ervin Jocson, the director at KPMG conducting the KPMG Review, who was my primary point of contact at KPMG (see emails involving me, Mr Jocson and Mr Bell dated 31 October to 9 November 2011 (FUJ00243335)). As noted above, by this point in time, I had recently left the POA and moved into a role in the Business Operations team, working on various projects that were unrelated to Horizon and/or POL, but I cannot recall why I was asked to lead the project. As part of this new role, I reported to Mr Bounds, and I expect that Mr Bell would have engaged Mr Bounds beforehand to get his agreement to my taking on the project leader role on the KPMG Review.

7. The Horizon Online Data Integrity Report dated 25 November 2011 (“**HNG-X Report**”) (FUJ00080534) lists the Fujitsu stakeholders that were involved in the KPMG Review (the “**Fujitsu Stakeholders**”):
  - a. Stephen Long, Project Sponsor
  - b. James Davidson, Service Operations Director
  - c. Torstein Godeseth, Architecture
  - d. Gareth Jenkins, Architect
  - e. Myself, as Project Leader
  - f. Tim Healy, Commercial
  - g. Edward Phillips, Legal
  - h. Ian Howard, Security
8. This list accords with my recollection, although I would also have considered Mr Bell, who is listed as an “Optional Reviewer” of the HNG-X Report to have been a Fujitsu Stakeholder. I would have also considered Mr Bounds to have been a Fujitsu Stakeholder as he was my line manager and the POA reported into him as COO, and I would have expected that the purpose and outcome of the KPMG Review to be shared with him.
9. My role on the KPMG Review would have been primarily concerned with facilitating the progress of the review and coordinating Fujitsu’s engagement with KPMG, performing the role of a project manager. My responsibilities included (i)

coordinating the Fujitsu Stakeholders and KPMG to facilitate the scoping of the KPMG Review, which had commenced before I joined the project (see emails involving me, Mr Jocson and others dated October–December 2011 (FUJ00172048, FUJ00172052, FUJ00243335, FUJ00243336)), (ii) managing and coordinating agreed actions relating to the KPMG Review with the Fujitsu Stakeholders and KPMG (see emails involving myself and Mr Jocson dated January–February 2012 (FUJ00172064)), and (iii) coordinating resources and Fujitsu’s technical staff to provide information and documentation to KPMG to conduct the KPMG Review (see emails involving myself, Mr Jenkins and Mr Godeseth dated February 2012 (FUJ00172072)). The KPMG Review was independent from POL and POL was not involved in the review (see emails between me and Mr Jenkins dated November 2011 (FUJ00243333) and March 2012 (FUJ00156534)), and I cannot recollect any communications with POL on the KPMG Review.

10. The other Fujitsu Stakeholders, particularly those in the POA, would have been responsible for (i) making decisions with regards to the scope of KPMG’s work, (ii) providing technical input and documentation required by KPMG to conduct the review, and (iii) authorising KPMG to carry out the work (see emails involving myself, Mr Healy and Mr Long dated February–March 2012 (FUJ00243337)).
11. I cannot recall if there was a catalyst for the KPMG Review, nor whether this was a POL or Fujitsu initiative. The HNG-X Report (FUJ00080534) notes that Fujitsu instigated the KPMG Review to conduct an *“independent audit of the HNG-X environment currently delivered to Post Office Limited to provide confidence that*

*the solution has intrinsic security controls commensurate with the requirement for legal admissibility” to enable a legal review of Fujitsu’s compliance with its contractual obligations. In December 2011, Mr Jocson, Mr Phillips and myself exchanged emails regarding Fujitsu’s requirements for the KPMG Review and Fujitsu’s potential use of any reports prepared by KPMG (FUJ00243336). In this email chain, I explained to Mr Jocson that Fujitsu was primarily commissioning the KPMG Review to inform Fujitsu’s legal team, but should it later choose, Fujitsu expected that it would be able to provide any reports prepared by KPMG to “other auditors, Post Office, in disputes (either between [Fujitsu] and Post Office, or where [Fujitsu] are supporting Post Office in defending the integrity of its systems)” (FUJ00243336). Based on the wording I have used in these emails and in line with my role as project leader, as described above, I believe that I would have been coordinating and channeling these communications around the scope and purpose of the KPMG Review with technical and legal input from Fujitsu Stakeholders in the POA and legal teams.*

#### **WORK CARRIED OUT ON THE KPMG REVIEW**

12. The Inquiry has requested a summary of the following matters in relation to the KPMG Review with reference to the Phase 0 Report: (i) any further work that KPMG carried out further to the KPMG Review, including any findings made by KPMG; and (ii) if no further work was carried out on the KPMG Review, the reasons why the decision was made not to carry out such work.
  
13. The KPMG Review was divided into three phases or stages, which are noted in KPMG’s letter of engagement dated 22 February 2012 (FUJ00172076). These

were Phase 0 (Documentation readiness review), Phase 1 (Documentation detailed review), and Phase 2 (Controls review and testing).

14. I do not have any recollection of what happened following the Phase 0 Report. However, based on the contemporaneous documents that I have reviewed, Phase 0 of the KPMG Review was completed in or around April 2012, and following this, no further work was carried out by KPMG. I refer to the following documents in this regard:

- a. KPMG provided a draft of the Phase 0 Report to Fujitsu on 23 April 2012, which was sent to me by email (FUJ00172081). The Phase 0 Report was prepared by KPMG based on information in the HNG-X Report, "*a sample of additional High and Low Level Design Documents, a site visit to witness a demonstration of the system and subsequent clarification dialogue between KPMG and [Fujitsu's] system architects*" (FUJ00172083).
- b. Later that day, I shared the Phase 0 Report with relevant Fujitsu Stakeholders by email and noted that I had not informed KPMG that "*plans may have changed with POL*" (see emails dated April 2012 (FUJ00172081)). I also arranged a meeting with the Fujitsu Stakeholders on 3 May 2012 to discuss the Phase 0 Report (see meeting invitation dated 1 May 2012 (FUJ00172080)). At the conclusion of Phase 0, KPMG was to provide Fujitsu a final quote for completing the KPMG Review (see KPMG's letter of engagement dated 22 February 2012 (FUJ00172076)), which was noted in the Phase 0 Report as £131,000 (FUJ00172083). While I cannot

recall specific individuals or conversations, I can recall the Fujitsu Stakeholders being very surprised when the cost was announced.

- c. On 4 May 2012, I emailed Christopher Starnes (Senior Manager, KPMG) and Mr Jocson and informed them that (i) POL was “*now considering a full end to end integrity check on both former and previous systems*”, which would extend outside of Fujitsu’s obligations in relation to Horizon to incorporate POL’s obligations, systems and processes, and (ii) it was therefore unlikely that Fujitsu would be engaging KPMG in relation to the next phase of the KPMG Review (i.e., Phase 1) (FUJ00243338). I then asked Mr Starnes and Mr Jocson to stand down on the KPMG Review (FUJ00243338). I expect that this email was the output of the meeting on 3 May 2012 with the Fujitsu Stakeholders.
- d. On 16 May 2012, Mr Starnes emailed me a signed copy of the Phase 0 Report, which closed out Phase 0 of the KPMG Review (FUJ00243339).
- e. A POA business review presentation dated 18 June 2012 (FUJ00174459) notes the following update on or around 22 May 2012: “*Following update from JD: Following discussion with Post Office, the KPMG integrity study is to be put on hold pending a review of the approach by Post Office. [Fujitsu] will be talking with Post Office over the next period to understand their intentions and what support they will need from Fujitsu in the future*”. I understand “JD” to refer to James Davidson, and I believe that this POA business review would have been presented by Mr Bell and the POA to Mr Bounds, Steve Clayton and Duncan Tait.

- f. On 19 June 2012, I emailed Mr Jocson and Mr Starnes and confirmed that I had been in contact with the "account lead" and it seemed that POL were "still exploring how they [could] approach the broader topic of the full end to end piece", but the KPMG Review was "definitely off the table" (FUJ00172084). The "account lead" in the context of these discussions may have been Mr Long.

**Statement of Truth**

I believe the content of this statement to be true.

Signed: **GRO**

Dated: 26 November 2024

**INDEX TO THE FIRST WITNESS STATEMENT OF MIKE DEATON**

<b>Exhibit No.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control No.</b>
1.	FUJ00172083	KPMG HNG-X Data Integrity Phase 0 Report dated 23 April 2012	POINQ0178264F
2.	FUJ00243333	Email chain last dated 3 November 2011 with subject 'KPMG HNGX Integrity Review'	POINQ0249358F
3.	FUJ00243335	Email chain last dated 9 November 2011 with subject 'Post Office EPOS Review - intro meeting 13/10/11'	POINQ0249360F
4.	FUJ00080534	Horizon Online Data Integrity Report dated 25 November 2011	POINQ0086705F
5.	FUJ00172048	Email chain last dated 2 December 2011 with subject 'CONFIDENTIAL: Horizon Online Integrity Testing : Proposal'	POINQ0178229F
6.	FUJ00172052	Email chain last dated 14 December 2011 with subject 'Horizon OnLine Integrity Testing: Proposal'	POINQ0178233F
7.	FUJ00243336	Email chain last dated 12 December 2011 with subject 'Horizon OnLine Integrity Testing: Proposal'	POINQ0249361F
8.	FUJ00172064	Email chain last dated 8 February 2012 with subject 'HNGX Integrity Proposal (Meeting 23/1)'	POINQ0178245F
9.	FUJ00172072	Email chain last dated 20 February 2012 with subject 'HNGX Integrity Proposal - initial meeting – documents'	POINQ0178253F
10.	FUJ00156534	Email chain last dated 20 March 2012 with subject 'RM v Bramwell'	POINQ0162728F
11.	FUJ00243337	Email chain last dated 5 March 2012 with subject 'KPMG Contract Approval'	POINQ0249362F

<b>Exhibit No.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control No.</b>
12.	FUJ00172076	KPMG letter to Fujitsu dated 22 February 2012 with subject 'HNG-X Data Integrity Assessment'	POINQ0178257F
13.	FUJ00172081	Email chain last dated 1 May 2012 with subject 'HGNX Review'	POINQ0178262F
14.	FUJ00172080	Meeting invitation sent 1 May 2012 with subject 'HGNX Review Telecon'	POINQ0178263F
15.	FUJ00243338	Email chain last dated 4 May 2012 with subject 'HGNX'	POINQ0249363F
16.	FUJ00243339	Email chain last dated 16 May 2012 with subject 'HGNX Report'	POINQ0249364F
17.	FUJ00174459	Presentation dated 18 June 2012 titled 'Post Office Business Review'	POINQ0180640F
18.	FUJ00172084	Email chain last dated 9 July 2013 with subject 'HGNX'	POINQ0178265F